



State of Vermont
Office of Vermont Health Access
Pharmacy Benefit Management Program

**Coverage Rules When Primary Pharmacy Insurance
Coverage Exists – Non-Part D Plan Beneficiaries**

Effective April 1, 2008, we will be limiting the use of the Other Coverage Code of “3” (OCC3) to over-the-counter products only.

If you are billing a non-OTC claim to a beneficiary’s primary insurance, and that claim denies because the drug is **not preferred**, then the prescriber may ask for a prior authorization (PA) from the primary insurance plan.

If the PA is denied, the prescriber and/or beneficiary have the right to appeal the decision through the primary insurance plan and The Department of Banking, Insurance, Securities and Health Care Administration (BISHCA).

After all appeals and reviews are exhausted, the prescriber may ask Medicaid (MedMetrics) to make an independent assessment of coverage and medical necessity, and if approved, cover the item or service. The Medicaid decision will be based on the same documentation submitted for the previous appeals. Appeals required are:

- The beneficiary or provider must have gone through all the required levels of the primary insurance plan’s appeals process, with the denial remaining upheld.
- In addition, an external review from the Department of Banking, Insurance, Securities and Health Care Administration (BISHCA) must then have occurred, with BISHCA in agreement with the primary insurance plan’s decision to deny the claim. (If the billed amount is less than \$100, BISHCA will not hear the appeal so the final insurance plan appeal is sufficient. Mental health appeals do not have the \$100 threshold).

Note: Vermont only recognizes insurance plans as “primary coverage” plans if they meet the state’s criteria for comprehensive coverage. These plans are considered to be sufficient in meeting most of the pharmacy coverage needs of our beneficiaries.

Attached is a document outlining the correct uses for OCC codes in Vermont’s publicly funded programs. If you have questions or comments on this letter or the attached informational document, please feel free to call the OVHA pharmacy unit at (802) 879-5900.

CORRECT USE OF OTHER COVERAGE CODES

OCCURRENCE	CORRECT OTHER COVERAGE CODE TO USE	(OVHA – VTM) Processing Policy Vermont Coverage Secondary to Alternate Insurance	(OVHAD – VTD) Processing Policy Vermont Coverage Secondary to Medicare Part B and Part D
The primary insurance plan pays a portion of the claim.	2 = Other coverage exists, payment collected from primary insurance.	Requires Submitted Patient Pay field and COB segment, detailing information on paid claim, including Other Payer ID and Other Payer Paid Amount. Claim will process based on Medicaid allowed amount. <u>Leaving this field blank is not permitted as it will result in the State paying the entire claim in full. These claims will be subject to recoupment.</u>	Requires Submitted Patient Pay field and COB segment, detailing information on paid claim, including Other Payer ID and Other Payer Paid Amount – claim will pay based on member cost share from PDP. OCC2 does not apply to full-benefit duals. <u>Leaving this field blank is not permitted as it will result in the State paying the entire claim in full. These claims will be subject to recoupment.</u>
The primary insurance rejects the claim.	3 = Other coverage exists, claim rejected by primary insurance.	<u>Only to be used for over-the-counter drugs.</u> Claims submitted with an OCC = 3 will be subject to an edit to determine if drug is OTC; if so, the state will pay claim if all other state criteria is met. State would prefer Other Payer Reject Code, but field is not currently required. <u>For non-OTC drugs:</u> If the primary payer denies a claim because the drug requires a prior authorization or it is a non-formulary drug, then the primary carrier’s prior authorization procedures must be followed.	Claims submitted with an OCC = 3 will be subject to an edit to determine if drug class is Excluded from Part D coverage by CMS; if so, state will pay claim if all other state criteria is met. If product is not an Excluded Drug from CMS for Part D coverage, state will reject claim. State would prefer Other Payer Reject Code, but field is not currently required. OCC=3 does not apply to Medicare Part B.
The primary insurance carrier processes the claim but does not make a payment because: a) The member is in a deductible period, b) The member is in the Part D donut hole, or c) The payment is less than the patient’s copayment.	4 = Other coverage exists, payment not collected from primary	Requires Submitted Patient Pay field and complete COB segment. Claim will pay based on Medicaid allowed amount. OCC = 4 is not to be used when the primary claim has been denied by the primary insurance plan because the drug requires a prior authorization or it is a non-formulary drug. If found during a State audit, these claims will be subject to recoupment.	To be used when member has deductible or “donut hole” and primary payer is not making payment on claim; requires Submitted Patient Pay field and complete COB segment. Claim will pay based on member cost share from PDP. Also used for Part B deductible. OCC4 does not apply to Part D claims for full-benefit duals. OCC = 4 is not to be used when the primary claim has been denied by the Part D Plan because the drug requires a prior authorization or it is a non-formulary drug. If found during a State audit, these claims will be subject to recoupment.
The primary insurance plan rejects the claim because coverage no longer exists.	7 = Other coverage exists, not in effect on Date of Service (DOS)	To be used if member’s other coverage no longer exists; state will process claim.	Claim will reject.
The Part D Plan processes the claim with a negative amount for payment.	8 = Billing for Copay	Not applicable	<i>(Only used when Other Payer Paid Amount is \$<0)</i> Requires Submitted Patient Pay field and COB segment, detailing information on paid claim, including Other Payer ID and <i>negative</i> Other Payer Paid Amount. Claim will pay based on member cost sharing.